

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate	No. 4103005338 dated 29 September 2006 which was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 18 th amendment dated 23 May 2016	
Board of Management	Mr. Phung Tuan Ha Mr. Vu Tien Duong Mr. Pham Quang Huy Ms. Le Thi Chien Ms. Pham Thi Hong Diep	Chairman Member Member Member Member
Board of Supervision	Mr. Phan Khac Vinh Mr. Le Anh Quoc Ms. Nguyen Thi My Dung	Chief Supervisor Member Member
Board of Directors	Mr. Vu Tien Duong Mr. Bui Anh Dung Ms. Pham Thi Hong Diep Mr. Nguyen Thanh Tu Mr. Phan Quang Tuan Anh	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director
Legal representative	Mr. Phung Tuan Ha	Chairman
Registered office	6 th Floor, PetroVietnam Tower, No. 1 - 5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	



REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL INFORMATION TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT OF PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

We have reviewed the accompanying interim separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which were prepared on 30 June 2017 and approved by the Chairman on 14 August 2017. The interim separate financial statements comprise the interim separate balance sheet as at 30 June 2017, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended, and explanatory notes to these interim separate financial statements including significant accounting policies, as set out on pages 9 to 39.

The Chairman's Responsibility to the interim separate Financial Statements

The Chairman is responsible for the preparation and the true and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements and for such internal control which the Chairman determines is necessary to enable the preparation and fair presentation of the interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Corporation as at 30 June 2017, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No. 0048-2017-006-1
Authorised signatory

Report reference number: HCM6379
Ho Chi Minh City, 14 August 2017

As indicated in Note 2.1 to the interim separate financial statements, the accompanying interim separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2017 VND	31.12.2016 VND
100	CURRENT ASSETS		888,209,136,577	819,610,069,651
110	Cash and cash equivalents	3	341,287,189,399	394,707,165,595
111	Cash		56,787,189,399	138,307,165,595
112	Cash equivalents		284,500,000,000	256,400,000,000
130	Short-term receivables		454,847,685,746	329,648,254,058
131	Short-term trade accounts receivable	5	35,013,853,519	33,485,347,450
132	Short-term prepayments to suppliers	6	48,599,085,545	47,211,992,663
136	Other short-term receivables	7	371,234,746,682	248,950,913,945
140	Inventories		291,915,858	291,915,858
141	Inventories		291,915,858	291,915,858
150	Other current assets		91,782,345,574	94,962,734,140
151	Short-term prepaid expenses		6,187,135,362	4,595,226,512
152	Value Added Tax to be reclaimed	8(a)	85,419,215,982	90,191,513,398
153	Other taxes receivable	8(b)	175,994,230	175,994,230
200	LONG-TERM ASSETS		1,610,058,334,710	1,613,227,569,229
210	Long-term receivable		1,267,500,000	1,267,500,000
216	Other long-term receivables		1,267,500,000	1,267,500,000
220	Fixed assets		129,632,575,585	131,900,563,008
221	Tangible fixed assets	9(a)	29,507,920,516	31,758,686,943
222	Cost		82,691,183,164	82,543,274,982
223	Accumulated depreciation		(53,183,262,648)	(50,784,588,039)
227	Intangible fixed assets	9(b)	100,124,655,069	100,141,876,065
228	Cost		101,191,223,281	101,191,223,281
229	Accumulated amortisation		(1,066,568,212)	(1,049,347,216)
230	Investment properties	10	887,457,195,123	910,535,460,670
231	Cost		928,721,178,219	928,576,415,019
232	Accumulated depreciation		(41,263,983,096)	(18,040,954,349)
240	Long-term asset in progress		65,177,727,178	41,785,181,670
242	Construction in progress	11	65,177,727,178	41,785,181,670
250	Long-term investments		421,923,198,283	421,923,198,283
251	Investment in subsidiaries	4(a)	462,663,734,876	462,663,734,876
252	Investment in associate	4(b)	14,359,957,249	14,359,957,249
253	Investment in other entity	4(c)	2,000,000,000	2,000,000,000
254	Provision for long-term investments		(57,100,493,842)	(57,100,493,842)
260	Other long-term asset		104,600,138,541	105,815,665,598
261	Long-term prepaid expenses	12	104,600,138,541	105,815,665,598
270	TOTAL ASSETS		2,498,267,471,287	2,432,837,638,880

The notes on pages 9 to 39 are an integral part of these interim separate financial statements.

INTERIM SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2017 VND	31.12.2016 VND
300	LIABILITIES		1,065,819,287,655	1,015,067,215,875
310	Short-term liabilities		678,660,303,537	655,658,297,381
311	Short-term trade accounts payable	13	319,608,876,214	375,003,172,679
312	Short-term advances from customers		-	4,387,337
313	Tax and other payables to the State Budget	8(c)	3,116,576,028	4,015,472,907
314	Payable to employees		12,385,828,248	12,965,415,515
315	Short-term accrued expenses	14	53,727,092,032	58,175,439,685
318	Short-term unearned revenue	15(a)	27,272,727,273	27,272,727,273
319	Other short-term payables	16(a)	193,212,052,127	117,422,658,746
320	Short-term borrowings	17(a)	21,626,201,115	18,096,233,992
322	Bonus and welfare fund		47,710,950,500	42,702,789,247
330	Long-term liabilities		387,158,984,118	359,408,918,494
336	Long-term unearned revenue	15(b)	88,636,363,643	102,272,727,275
337	Other long-term payables	16(b)	7,030,627,285	7,030,627,285
338	Long-term borrowings	17(b)	291,491,993,190	250,105,563,934
400	OWNERS' EQUITY		1,432,448,183,632	1,417,770,423,005
410	Capital and reserves		1,432,448,183,632	1,417,770,423,005
411	Owners' capital	18	866,001,240,000	866,001,240,000
411a	- Ordinary shares with voting rights		866,001,240,000	866,001,240,000
412	Share premium	18, 19	133,918,052,614	133,918,052,614
418	Investment and development fund	18, 19	159,111,461,673	159,111,461,673
421	Undistributed earnings	18, 19	273,417,429,345	258,739,668,718
421a	- Undistributed post-tax profits of the previous years		250,799,090,680	126,396,701,420
421b	- Post-tax profit of the current period/year		22,618,338,665	132,342,967,298
440	TOTAL RESOURCES		2,498,267,471,287	2,432,837,638,880

Ha Van Phuong
Preparer

Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
14 August 2017

The notes on pages 9 to 39 are an integral part of these interim separate financial statements.

INTERIM SEPARATE INCOME STATEMENT

Code		Note	For the six-month period ended	
			30.6.2017 VND	30.6.2016 VND
01	Revenue from sale of goods and rendering of services	22	96,456,572,527	41,050,118,517
02	Less deductions		-	-
10	Net revenue from sale of goods and rendering of services		96,456,572,527	41,050,118,517
11	Cost of goods sold and services rendered	23	(55,725,255,860)	(11,376,822,041)
20	Gross profit		40,731,316,667	29,673,296,476
21	Financial income	24	11,869,009,856	16,905,650,580
22	Financial expenses		(48,510)	(72,053,360)
25	Selling expenses	25	(1,295,129,033)	(509,639,202)
26	General and administration expenses	26	(23,577,132,071)	(25,196,336,850)
30	Net operating profit		27,728,016,909	20,800,917,644
31	Other income		-	78,394,563
32	Other expenses		-	(25,000,000)
40	Net other income		-	53,394,563
50	Net accounting profit before tax		27,728,016,909	20,854,312,207
51	Business income tax - current	27	(5,109,678,244)	(4,347,631,393)
60	Net profit after tax		22,618,338,665	16,506,680,814



Ha Van Phuong
Preparer

Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
14 August 2017

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INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

		For the six-month period ended	
		30.6.2017	30.6.2016
Code	Note	VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	27,728,016,909	20,854,312,207
	Adjustments for:		
02	Depreciation and amortisation	25,638,924,351	2,644,842,360
05	Profits from investing activities	(11,867,437,780)	(72,727,273)
08	Operating profit before changes in working capital	41,499,503,480	23,426,427,294
09	(Increase)/decrease in receivables	(184,119,573,523)	68,973,874,170
11	Increase/(decrease) in payables	9,945,284,235	(31,758,767,399)
12	(Increase)/decrease in prepaid expenses	(376,381,793)	1,221,095,888
14	Interest paid	(11,263,804,778)	-
15	Business income tax paid	(6,444,784,914)	(3,333,821,582)
16	Other receipts on operating activities	-	259,681,863
20	Net cash (outflows)/inflows from operating activities	(150,759,757,293)	58,788,490,234
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(23,149,473,252)	(293,572,738,327)
22	Proceeds from disposals of fixed assets and long-term assets	-	72,727,273
27	Dividends and interest income received	75,589,144,170	75,195,000,000
30	Net cash inflows/(outflows) from investing activities	52,439,670,918	(218,305,011,054)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares	18, 19	-
33	Proceeds from borrowings	31(b)	54,260,953,406
34	Repayments of borrowings	31(c)	(9,344,557,027)
36	Dividends paid	20	(16,286,200)
40	Net cash inflows from financing activities	44,900,110,179	181,307,593,896
50	Net (decrease)/increase in cash and cash equivalents	(53,419,976,196)	21,791,073,076
60	Cash and cash equivalents at beginning of period	3	394,707,165,595
61	Effect of foreign exchange differences		-
70	Cash and cash equivalents at end of period	3	341,287,189,399
			462,879,789,083



Ha Van Phuong
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
14 August 2017

The notes on pages 9 to 39 are an integral part of these interim separate financial statements.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

1 GENERAL INFORMATION

PetroVietnam General Services Joint Stock Company ("the Corporation") was established in SR Vietnam pursuant to Business Registration Certificate No. 4103005338 dated 29 September 2006 and the 18th amendment dated 23 May 2016 which were issued by the Department of Planning and Investment of Ho Chi Minh City. The Corporation was transformed from PetroVietnam Tourism and Services Company, a wholly State-owned subsidiary of Vietnam Oil and Gas Group ("PetroVietnam").

The Corporation's shares were officially listed on Ho Chi Minh City Stock Exchange ("HOSE") on 12 September 2007 with symbol "PET" pursuant to Decision No. 94/QD-SGDHCM issued by the General Director of HOSE on 13 August 2007.

The principal activities of the Corporation include:

- support and management services;
- lease of warehouses, workshops, premises, office;
- real estate trading, management; and
- sale of supplies, office equipment, audio-visual equipment.

The normal business cycle of the Corporation is within 12 months.

As at 30 June 2017, the Corporation had 14 direct subsidiaries, 2 indirect subsidiaries and 1 direct associate as disclosed in Note 4.

As at 30 June 2017, the Corporation had 65 employees (31 December 2016: 63 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of interim separate financial statements

The interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements. The interim separate financial statements have been prepared under the historical cost convention.

The accompanying interim separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Separately, the Corporation has also prepared interim consolidated financial statements of the Corporation and its subsidiaries in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements. In the interim consolidated financial statements, subsidiary undertakings – which are those companies over which the Corporation has the power to govern the financial and operating policies – have been fully consolidated.

Users of these interim separate financial statements of the Corporation should read them together with the interim consolidated financial statements of the Corporation and its subsidiaries for the period ended 30 June 2017 in order to obtain full information of the financial position and results of operations and cash flows of the Corporation and its subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Fiscal year**

The Corporation's fiscal year is from 1 January to 31 December. The interim separate financial statements are prepared for the period from 1 January to 30 June.

2.3 Currency

The interim separate financial statements are measured and presented using Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial bank where the Corporation regularly trades. The Corporation ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank. Foreign exchange differences arising from these translations are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the transfer rate at the balance sheet date of the commercial bank where the Corporation regularly trades. The transfer rate is the buying rate or selling rate of the commercial bank. Foreign exchange differences arising from these translations are recognised in the income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.5 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Chairman of all outstanding amounts at the year end. Bad debts are written off when identified.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion (if any) and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.7 Investments**(a) Investments in subsidiaries**

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of total voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made at year-end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments (continued)

(b) Investment in associate

Associate is investment that the Corporation has significant influence but not control and would generally has from 20% to under 50% voting shares of the investee.

Investment in associate is accounted for at cost less provision for diminution in value. Provision for diminution in value is made at year-end.

(c) Investment in other entity

Investment in other entity is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. This investment is initially recorded at cost. Provision for diminution in value of this investment is made at year-end, except when the loss was anticipated by the Chairman in their business plan before the date of investment.

2.8 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/ amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	2% - 35%
Machinery and equipment	5% - 14%
Motor vehicles	10% - 20%
Office equipment	20% - 33%
Computer software	33%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs are dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.9 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Investment properties**

Cost of an investment property comprises the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation

Investment properties are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	3% - 20%
Equipment	10% - 33%

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.11 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and mainly comprise prepaid office rental, warehouse rental. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Provisions**

Provisions are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.16 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for asset leases. The Corporation records unearned revenue for the future obligations that the Corporation has to conduct.

2.17 Share capital**(a) Ordinary shares**

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

(b) Share premium

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

(c) Undistributed earnings

Undistributed earnings record the Corporation's results after business income tax at the reporting date.

2.18 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after approval at General Meeting, and after appropriation to other funds in accordance with the Corporation's charter and Vietnamese regulations.

Dividend of the Corporation is recognised as a liability in the Corporation's interim separate financial statements based on the date before ex-dividend date.

The Corporation's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from net profit of the Corporation and approved by shareholders in the General Meeting. This fund is used for expanding and developing the business of the Corporation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Appropriation of net profit (continued)****(b) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Corporation's net profit and subject to shareholders' approval at the General Meeting. This fund is used for rewarding and encouraging, enhancing the physical and mental well-being of the employees.

2.19 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Corporation gives promotional goods to customers associated with customers' purchase, the Corporation allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Rendering of services

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis, and is determined based on the amount of deposits and their interest rates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition (continued)****(d) Dividend income**

Income from dividend is recognised when the Corporation has established the receiving rights from investees.

2.20 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the interim separate financial statements are recorded as deduction of revenue of the period.

2.21 Cost of goods sold and services rendered

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.22 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, costs of capital contributed to associates, losses from short-term securities trading, losses from securities selling transactions; provision for diminution in value of trading securities, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences, and payment discounts.

2.23 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, maintenance charges, packaging, and transportation.

2.24 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staffs; expenses of office materials, tools and supplies, depreciation of fixed assets used for administration; land rental, licence tax; provision for bad debts; outside services, and other cash expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.26 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Corporation, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Corporation. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Corporation that gives them significant influence over the Corporation, key management personnel, including Chairman, directors of the Corporation and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Corporation considers the substance of the relationship not merely the legal form.

2.27 Segment reporting

A segment is a component which can be separated by the Corporation engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Corporation's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Corporation's interim separate financial statements in order to help users of interim separate financial statements understand and evaluate the Corporation's operations in a comprehensive way.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Accounting estimates**

The preparation of interim separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements requires the Chairman to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Chairman's best knowledge, actual results may differ from those estimates and assumptions.

3 CASH AND CASH EQUIVALENTS

	30.6.2017 VND	31.12.2016 VND
Cash on hand	804,665,895	361,467,912
Cash at bank	55,982,523,504	137,945,697,683
Cash equivalents (*)	284,500,000,000	256,400,000,000
	<u>341,287,189,399</u>	<u>394,707,165,595</u>

(*) Cash equivalents include term deposits with the original maturity within three months, and earn interest at interest rates ranging from 4.3% to 5.5% per annum (31 December 2016: 4.3% to 5.5% per annum).

As at 30 June 2017, term deposits at commercial banks with total value of VND12 billion, have been pledged with commercial banks as collateral assets for long-term borrowings granted to Industry Construction Corporation, a constructor of the Corporation (Note 13) and Smart Convergence Joint Stock Company, a subsidiary of the Corporation (Note 4(a)).

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4 INVESTMENTS

(a) Investments in subsidiaries

	30.6.2017				31.12.2016			
	Cost VND	Fair value VND	Provision VND		Cost VND	Fair value VND	Provision VND	
Petroleum General Distribution Services Joint Stock Company ("PSD")	(i) 113,600,000,000	284,568,000,000	-		113,600,000,000	364,656,000,000	-	
Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	74,742,000,000	(*)	(6,014,632,701)		74,742,000,000	(*)	(6,014,632,701)	
Petrosetco Assets Management Joint Stock Company ("PSA")	58,962,908,969	(*)	-		58,962,908,969	(*)	-	
Petrosetco Vung Tau General Services Joint Stock Company ("PSV")	64,341,999,232	(*)	-		64,341,999,232	(*)	-	
Petroleum Offshore Trading and Services Joint Stock Company ("POTS")	31,681,662,678	(*)	-		31,681,662,678	(*)	-	
Smart Convergence Joint Stock Company ("Smartcom")	16,500,000,000	(*)	(9,912,652,236)		16,500,000,000	(*)	(9,912,652,236)	
Petrosetco SSG Company Limited ("PSSSG")	9,985,163,997	(*)	-		9,985,163,997	(*)	-	
Petroleum Retail Services Joint Stock Company ("PSR")	7,650,000,000	(*)	(7,650,000,000)		7,650,000,000	(*)	(7,650,000,000)	
Vietnam Petroleum Logistics Services Joint Stock Company ("PSL")	6,600,000,000	(*)	-		6,600,000,000	(*)	-	
Petroleum High Technology Products Distribution Joint Stock Company ("PHTD")	5,100,000,000	(*)	-		5,100,000,000	(*)	-	
ASSA Technology Joint Stock Company ("ASSA")	18,500,000,000	(*)	-		18,500,000,000	(*)	-	
Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale")	5,100,000,000	(*)	-		5,100,000,000	(*)	-	
Petroleum Trading Services Company Limited ("PST")	39,500,000,000	(*)	(29,882,192,415)	(iii)	39,500,000,000	(*)	(29,882,192,415)	
Petroleum Saigon General Services Company Limited ("PSG")	10,400,000,000	(*)	(1,641,016,490)	(iii)	10,400,000,000	(*)	(1,641,016,490)	
	462,663,734,876		(55,100,493,842)		462,663,734,876		(55,100,493,842)	

(*) As at 30 June 2017 and 31 December 2016, fair values of the investments in those subsidiaries were not available as they were not listed on the Stock Exchange.

4 INVESTMENTS (continued)

(a) Investments in subsidiaries (continued)

- (i) The fair value of PSD's shares at the balance sheet date is calculated based on the closing price of the latest trading date before the valuation date.

As at 30 June 2017, 17,040,000 shares of PSD has been pledged with a commercial bank as a collateral asset for the advance payment received from Nghi Son Refinery and Petrochemical Limited Liability Company (Note 32(d)).

- (ii) As at 30 June 2017, 5,345,200 shares of PSA has been pledged with a commercial bank as collateral asset for long-term borrowings granted to the Corporation (Note 17).

- (iii) According to Decision No. 313/QD-DVTHDK-HDQT and Decision No. 314/QD-DVTHDK-HDQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve PST and PSG from 1 January 2012. Currently, PST and PSG are under tax finalisation with the tax authorities for dissolution. From 2012 until now, the two companies have had no business activities operated.

Details of the Corporation's direct subsidiaries as at 30 June 2017 are as follows:

No.	Subsidiary	Place of incorporation	Total % of voting right	Total % of ownership	Principal activities
1	PSD	HCMC	80.02%	80.02%	Distribution of telecom, electronic equipment
2	POTS	HCMC	60%	60%	Trading and rendering services
3	PSV	Vung Tau	70%	70%	Rendering services
4	PSMT	Quang Ngai	99.79%	99.79%	Trading and rendering services
5	PSA	Ha Noi	78.61%	78.61%	Property management and services
6	PSSSG	HCMC	51%	51%	Real estates business
7	Smartcom	HCMC	55%	55%	Distributing equipment, electronic components, peripheral devices, software
8	PSL (*)	HCMC	44%	44%	Marine transportation services
9	PSR	HCMC	75%	72.74%	Retails of mobile phones
10	PHTD	HCMC	56%	56%	Distributing equipment, electronic components, peripheral devices
11	ASSA	HCMC	100%	100%	Processing electronic and telecommunication equipment
12	Petrosetco - Ale	HCMC	51%	51%	Providing heavy transportation and lifting services
13	PST	HCMC	100%	100%	Stopped operation and under liquidation process
14	PSG	HCMC	100%	100%	Stopped operation and under liquidation process

4 INVESTMENTS (continued)

(*) As at 30 June 2017, although the Corporation's voting right at PSL was only 44%, the Corporation still had the authority to exercise its power over the financial and operational policies of PSL via the representatives in the Board of Directors of PSL. Therefore, the Corporation controlled PSL and PSL has been classified and presented as a subsidiary of the Corporation for the consolidation purpose.

In addition, the Corporation had 2 indirect subsidiaries as follows:

No.	Indirect subsidiaries	Principal activities	Place of incorporation and operation	Total % of voting right	Total % of ownership
1	Binh Minh Electronics Refrigeration Joint Stock Company ("Binh Minh")	Trading in electronic devices, refrigeration appliances, electronic household appliances	HCMC	51%	40.81%
2	Nha Trang Petroleum Services Trading Company Limited ("Nha Trang PST")	Wholesale of solid, liquid and gaseous fuels and related products	Nha Trang	100%	99.79%

(b) Investment in associate

	30.6.2017			31.12.2016		
	Fair			Fair		
	Cost VND	value VND	Provision VND	Cost VND	value VND	Provision VND
Petro Tower Limited Company	14,359,957,249	(*)	-	14,359,957,249	(*)	-

(*) At the balance sheet date, the fair value of the investment in this associate was not available as this associate is not listed on the Stock Exchange.

Details of the Corporation's direct associate as at 30 June 2017 are as follows:

	Place of incorporation	Total % voting rights	Total % ownership	Principal activity
Petro Tower Limited Company	Ba Ria – Vung Tau	24%	24%	Office leasing service

4 INVESTMENTS (continued)

(c) Investment in other entity

	30.6.2017			31.12.2016		
	Fair		Provision	Fair		Provision
	Cost	value		Cost	value	
	VND	VND	VND	VND	VND	VND
PetroVietnam						
Central						
Biofuels						
Joint Stock						
Company	2,000,000,000	(*) (2,000,000,000)		2,000,000,000	(*) (2,000,000,000)	

(*) At the balance sheet date, the fair value of the investment in this entity was not available as this entity is not listed on the Stock Exchange.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2017 VND	31.12.2016 VND
Third parties	1,949,822,604	1,000,333,811
Related parties (Note 30(b)(i))		
<i>Nghi Son Refinery and Petrochemical</i>		
<i>Company Limited</i>	33,064,030,915	32,045,013,639
<i>Others</i>	-	440,000,000
	33,064,030,915	32,485,013,639
	35,013,853,519	33,485,347,450

As at 30 June 2017, there was no balance of short-term trade accounts receivable which is past due or in due but is not recoverable.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2017 VND	31.12.2016 VND
Third parties		
<i>Tan Lien Phat Investment and Construction</i>		
<i>Joint Stock Company</i>	42,662,223,802	42,025,456,603
<i>Others</i>	5,936,861,743	5,186,536,060
	48,599,085,545	47,211,992,663

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2017 VND	31.12.2016 VND
Receivables from subsidiaries (Note 30(b)(iii))	361,067,791,004	240,147,687,359
Accrued interest receivable	1,105,953,889	1,750,700,278
Others	9,061,001,789	7,052,526,308
	<u>371,234,746,682</u>	<u>248,950,913,945</u>

8 VALUE ADDED TAX TO BE RECLAIMED, OTHER TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET

(a) Value added tax to be reclaimed

	As at 1.1.2017 Receivable VND	During the period		As at 30.6.2017 Receivable VND
		Incurred VND	Net off VND	
VAT to be reclaimed	<u>90,191,513,398</u>	<u>3,308,533,387</u>	<u>(8,080,830,803)</u>	<u>85,419,215,982</u>

(b) Other taxes receivable

	30.6.2017 VND	31.12.2016 VND
Personal income tax	104,793,519	104,793,519
Other taxes	71,200,711	71,200,711
	<u>175,994,230</u>	<u>175,994,230</u>

(c) Taxes payable to the State Budget

	30.6.2017 VND	31.12.2016 VND
Business income tax	2,504,048,582	3,839,155,252
Personal income tax	612,527,446	176,317,655
	<u>3,116,576,028</u>	<u>4,015,472,907</u>

8 VALUE ADDED TAX TO BE RECLAIMED, OTHER TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET (continued)

Movements of taxes payable to the State Budget during the period are as follows:

	As at 1.1.2017	During the period		As at 30.6.2017
	Payable VND	Incurred VND	Net off/ Paid VND	Payable VND
Business income tax	3,839,155,252	5,109,678,244	(6,444,784,914)	2,504,048,582
Personal income tax	176,317,655	1,627,346,267	(1,191,136,476)	612,527,446
VAT output	-	8,080,830,803	(8,080,830,803)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2017	61,822,169,589	7,509,514,795	9,193,787,843	4,017,802,755	82,543,274,982
New purchases	-	147,908,182	-	-	147,908,182
As at 30 June 2017	61,822,169,589	7,657,422,977	9,193,787,843	4,017,802,755	82,691,183,164
Accumulated depreciation					
As at 1 January 2017	37,710,172,831	4,236,614,824	5,271,917,743	3,565,882,641	50,784,588,039
Charge for the period	1,314,932,088	351,448,536	583,706,616	148,587,369	2,398,674,609
As at 30 June 2017	39,025,104,919	4,588,063,360	5,855,624,359	3,714,470,010	53,183,262,648
Net book value					
As at 1 January 2017	24,111,996,758	3,272,899,971	3,921,870,100	451,920,114	31,758,686,943
As at 30 June 2017	22,797,064,670	3,069,359,617	3,338,163,484	303,332,745	29,507,920,516

Costs of fully depreciated fixed assets but still in use as at 30 June 2017 and 31 December 2016 were VND18.04 billion.

9 FIXED ASSETS (continued)
(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2017			
and as at 30 June 2017	100,112,600,381	1,078,622,900	101,191,223,281
Accumulated amortisation			
As at 1 January 2017	-	1,049,347,216	1,049,347,216
Charge for the period	-	17,220,996	17,220,996
As at 30 June 2017	-	1,066,568,212	1,066,568,212
Net book value			
As at January 2017	100,112,600,381	29,275,684	100,141,876,065
As at 30 June 2017	100,112,600,381	12,054,688	100,124,655,069

Costs of fully amortised intangible assets but still in use as at 30 June 2017 and 31 December 2016 were VND974.7 million.

10 INVESTMENT PROPERTIES

	Buildings VND	Equipment VND	Total VND
Historical cost			
As at 1 January 2017	727,299,868,660	201,276,546,359	928,576,415,019
New purchases	-	144,763,200	144,763,200
As at 30 June 2017	727,299,868,660	201,421,309,559	928,721,178,219
Accumulated depreciation			
As at 1 January 2017	11,110,909,433	6,930,044,916	18,040,954,349
Charge for the period	13,148,612,269	10,074,416,478	23,223,028,747
As at 30 June 2017	24,259,521,702	17,004,461,394	41,263,983,096
Net book value			
As at 1 January 2017	716,188,959,227	194,346,501,443	910,535,460,670
As at 30 June 2017	703,040,346,958	184,416,848,165	887,457,195,123

10 INVESTMENT PROPERTIES (continued)

Investment properties represent the buildings and equipment of the living quarters of Nghi Son Refinery and Petrochemical Complex project ("Nghi Son Project") being leased.

The Corporation was unable to gather information about similar properties as a basis for fair value comparison, therefore fair value of the investment properties as at 30 June 2017 was not disclosed in interim separate financial statements.

As at 30 June 2017, total value of investment property has been pledged with a commercial bank as a collateral asset for borrowings granted to the Corporation (Note 17).

11 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	30.6.2017 VND	31.12.2016 VND
Project 41D Vung Tau	64,232,954,199	40,840,408,691
Other projects	944,772,979	944,772,979
	<u>65,177,727,178</u>	<u>41,785,181,670</u>

Movements of construction in progress during the period/year are as follows:

	For the 6-month period ended 30.6.2017 VND	For the year ended 31.12.2016 VND
Beginning of period/year	41,785,181,670	102,376,512,124
Construction during period/year	23,392,545,508	608,651,108,202
Transfer to investment properties	-	(669,242,438,656)
End of period/year	<u>65,177,727,178</u>	<u>41,785,181,670</u>

12 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	30.6.2017 VND	31.12.2016 VND
Office rental (*)	102,734,571,039	103,922,253,941
Warehouse rental	1,865,567,502	1,893,411,657
	<u>104,600,138,541</u>	<u>105,815,665,598</u>

12 LONG-TERM PREPAID EXPENSES (continued)

Movements of long-term prepaid expenses during the period/year are as follows:

	For the 6-month period ended 30.6.2017 VND	For the year ended 31.12.2016 VND
Beginning of period/ year	105,815,665,598	108,257,857,374
Allocation for period/year	(1,215,527,057)	(2,442,191,776)
End of period/ year	104,600,138,541	105,815,665,598

(*) The amount represents the prepayment to PetroVietnam for office leasing. This office rental prepaid expense was allocated on a straight-line basis over 50 years from 2010.

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2017 VND	31.12.2016 VND
Third parties		
<i>Petroleum Industrial and Civil Construction Joint Stock Company</i>	2,061,441,100	9,319,441,100
<i>Industry Construction Corporation (Note 3)</i>	40,761,733,214	79,430,928,503
<i>Others</i>	3,407,348,416	9,579,454,423
	46,230,522,730	98,329,824,026
Related parties (Note 30(b)(ii))		
<i>PetroVietnam</i>	272,504,877,231	275,799,872,400
<i>Binh Son Refining and Petrochemical Company Limited</i>	873,476,253	873,476,253
	273,378,353,484	276,673,348,653
	319,608,876,214	375,003,172,679

The Corporation has no doubt on its ability to fully repay the payables when they fall due.
As at 30 June 2017, there was no balance of short-term trade account payable which is past due.

14 SHORT-TERM ACCRUED EXPENSES

	30.6.2017 VND	31.12.2016 VND
Accrued costs related to Nghi Son Project (Note 10)	51,354,061,934	58,025,439,685
Accrued interest	2,373,030,098	-
Others	-	150,000,000
	<u>53,727,092,032</u>	<u>58,175,439,685</u>

15 UNEARNED REVENUE

(a) Short-term

	30.6.2017 VND	31.12.2016 VND
Rental of Nghi Son Project	<u>27,272,727,273</u>	<u>27,272,727,273</u>

(b) Long-term

	30.6.2017 VND	31.12.2016 VND
Rental of Nghi Son Project	<u>88,636,363,643</u>	<u>102,272,727,275</u>

The balance represents the advance payment received from Nghi Son Refinery and Petrochemical Company Limited for leasing of living quarters and provision of other services to Nghi Son Project (Note 10).

16 OTHER PAYABLES

(a) Short-term

	30.6.2017 VND	31.12.2016 VND
Payables to subsidiaries (Note 30(b)(iv))	178,666,875,137	108,353,471,557
Payables to PetroVietnam (Note 30(b)(iv))	4,438,314,165	4,685,961,165
Others	10,106,862,825	4,383,226,024
	<u>193,212,052,127</u>	<u>117,422,658,746</u>

(b) Long-term

The balance represents rental payable to the Ba Ria – Vung Tau Province State Treasury for land rental contract.

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17 BORROWINGS

(a) Short-term borrowings

	As at 1.1.2017 VND	During the period		As at 30.6.2017 VND
		Drawdowns VND	Repayments VND	
Asia Commercial Bank (*)	18,096,233,992	5,111,621,000	(9,344,557,027)	21,626,201,115

(b) Long-term borrowings

	As at 1.1.2017 VND	During the period		As at 30.6.2017 VND
		Drawdowns VND	Repayments VND	
Asia Commercial Bank (*)	250,105,563,934	49,149,332,406	-	291,491,993,190

(*) The loans have credit limit of VND400 billion and bear interest at the interest rate adjustable from time to time by the bank. The purpose of loans is to finance the investment in Nghi Son Project (Note 10). The loans have term of 9 years and are secured by assets formed from Nghi Son Project; rights arising from land rental contract; receivables and other rights arising from the Lease Agreement of Nghi Son Project; and 5,345,200 shares of PSA owned by the Corporation (Note 4(a)).

Interest expense relating to Nghi Son Project (Note 10) before the Project completed had been capitalised in the value of the investment property. From 10 October 2016, since the Project was put into operation, the interest expense has been refunded by Nghi Son Refinery and Petrochemical Company Limited (Note 15(a)), the lessee of the Project.

18 OWNERS' CAPITAL**(a) Number of shares**

	30.6.2017		31.12.2016	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of existing shares in circulation	86,600,124	-	86,600,124	-

The Corporation has only one class of ordinary shares which is not entitled to fixed dividend and has the par value of VND10,000/share. The shareholders of ordinary shares are entitled to receive dividends as declared and entitled to one vote per share at the Corporation's shareholder meetings.

(b) Details of owners' shareholding

Pursuant to the 18th amended Business Registration Certificate dated 23 May 2016, charter capital of the Corporation is VND866,001,240,000.

Details of owners' shareholding of the Corporation are as follows:

	30.6.2017		31.12.2016	
	VND	%	VND	%
PetroVietnam	209,738,510,000	24.22	209,738,510,000	24.22
Other shareholders	656,262,730,000	75.78	656,262,730,000	75.78
	866,001,240,000	100	866,001,240,000	100

(c) Movements of share capital

	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2016	846,001,240,000	-	846,001,240,000
New shares issued	20,000,000,000	-	20,000,000,000
As at 31 December 2016	866,001,240,000	-	866,001,240,000
As at 30 June 2017	866,001,240,000	-	866,001,240,000

Par value per share: VND10,000.

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19 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2016	846,001,240,000	133,918,052,614	159,111,461,673	235,031,635,943	1,374,062,390,230
Issuance of shares to employees (Phase two)	20,000,000,000	-	-	-	20,000,000,000
Net profit for the year	-	-	-	132,342,967,298	132,342,967,298
Final dividend of 2015	-	-	-	(51,960,074,400)	(51,960,074,400)
Interim dividend of 2016	-	-	-	(43,300,062,000)	(43,300,062,000)
Appropriation to funds	-	-	-	(13,374,798,123)	(13,374,798,123)
As at 31 December 2016	866,001,240,000	133,918,052,614	159,111,461,673	258,739,668,718	1,417,770,423,005
Net profit for the period	-	-	-	22,618,338,665	22,618,338,665
Appropriation to bonus and welfare fund(*)	-	-	-	(7,940,578,038)	(7,940,578,038)
As at 30 June 2017	866,001,240,000	133,918,052,614	159,111,461,673	273,417,429,345	1,432,448,183,632

(*) According to the Decision No. 14/NQ-DVTHDK-DHDCD on 26 April 2017, bonus and welfare fund of 2016 has been approved with total amount of VND7,940,578,038.

On 6 July 2017, the Corporation issued an announcement to pay the second dividend of year 2016, at the ratio of 10% of share capital, amounting to VND86,600,124,000 and the date before ex-dividend date was on 19 July 2017 (Note 33).

20 DIVIDENDS PAYABLE

	For the 6-month period ended 30.6.2017 VND	For the year ended 31.12.2016 VND
Beginning of period/year	1,556,413,200	1,200,534,400
Dividends declared during the period/year	-	95,260,136,400
Dividends paid in cash	(16,286,200)	(94,904,257,600)
End of period/year	<u>1,540,127,000</u>	<u>1,556,413,200</u>

21 OFF BALANCE SHEET ITEM

	30.6.2017 VND	31.12.2016 VND
Foreign currencies	<u>362,858,969</u>	<u>112,639,897</u>

Included in cash and cash equivalents as at 30 June 2017 are balances held in foreign currencies of US\$15,966 (31 December 2016: US\$4,962).

22 REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	For the 6-month period ended 30.6.2017 VND	30.6.2016 VND
Sales of goods and rendering of services	<u>96,456,572,527</u>	<u>41,050,118,517</u>

23 COST OF GOODS SOLD AND SERVICES RENDERED

	For the 6-month period ended 30.6.2017 VND	30.6.2016 VND
Cost of goods sold and services rendered	<u>55,725,255,860</u>	<u>11,376,822,041</u>

24 FINANCIAL INCOME

	For the 6-month period ended	
	30.6.2017 VND	30.6.2016 VND
Interest income from deposits and loans	9,664,397,780	12,027,983,337
Dividend income (Note 30(a)(vi))	2,203,040,000	4,877,667,243
Realised foreign exchange gains	1,572,076	-
	<u>11,869,009,856</u>	<u>16,905,650,580</u>

25 SELLING EXPENSES

	For the 6-month period ended	
	30.6.2017 VND	30.6.2016 VND
Depreciation	156,106,248	156,106,248
Others	1,139,022,785	353,532,954
	<u>1,295,129,033</u>	<u>509,639,202</u>

26 GENERAL AND ADMINISTRATION EXPENSES

	For the 6-month period ended	
	30.6.2017 VND	30.6.2016 VND
Staff costs	7,889,667,989	4,482,128,144
Management fees (Note 30(a)(iv))	2,641,029,483	2,621,425,494
Office expenses	1,718,025,170	1,555,645,821
Depreciation and amortisation	2,259,789,357	2,488,736,112
Tax, fee and legal fee	842,577,644	1,031,682,085
Others	8,226,042,428	13,016,719,194
	<u>23,577,132,071</u>	<u>25,196,336,850</u>

27 BUSINESS INCOME TAX

The tax on the Corporation's profit before tax differs from the theoretical amount that would arise by using the applicable tax rate of 20% as under current tax regulation as follows:

	For the 6-month period ended	
	30.6.2017 VND	30.6.2016 VND
Net accounting profit before tax	27,728,016,909	20,854,312,207
Tax calculated at the rate of 20%	5,545,603,382	4,170,862,441
Effect of:		
Income not subject to tax	(440,608,000)	(975,533,449)
Expenses not deductible for tax purposes	4,682,862	29,867,888
Under-provision in previous year	-	1,122,434,513
Business income tax charge (*)	5,109,678,244	4,347,631,393

(*) The business income tax charge for the six-month period is based on the estimated taxable income and is subject to the review and possible adjustments by the tax authorities.

28 COST OF OPERATION BY FACTOR

	For the 6-month period ended	
	30.6.2017 VND	30.6.2016 VND
Staff costs	10,428,136,639	4,482,128,144
Depreciation and amortisation	25,638,924,351	2,644,842,360
Outside service expenses	18,887,526,402	13,964,149,947
Interest expense (Note 23)	13,636,834,876	-
Others	12,006,094,696	15,991,677,642
	80,597,516,964	37,082,798,093

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29 SEGMENT REPORTING

Geographical segments

The Corporation does not have any operation outside the territory of Vietnam. Therefore, no geographical business report is presented.

Business activity segments

Information of segments revenue and cost of sales based on the activities of the Corporation is as follows:

For the 6-month period ended 30 June 2017				
	Lease of warehouses, workshops, premises and office VND	Support and management services VND	Human resources service VND	Total VND
Revenue	61,429,532,550	18,886,991,137	2,044,690,002	96,456,572,527
Cost of sale	(45,671,967,113)	(7,790,141,340)	(2,263,147,407)	(55,725,255,860)
Gross profit	15,757,565,437	14,095,358,838	(218,457,405)	40,731,316,667
For the 6-month period ended 30 June 2016				
	Lease of warehouses, workshops, premises and office VND	Support and management services VND	Human resources service VND	Total VND
Revenue	-	17,025,651,446	-	41,050,118,517
Cost of sale	-	-	-	(11,376,822,041)
Gross profit	-	17,025,651,446	-	29,673,296,476

30 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is Vietnam Oil and Gas Group ("PVN") which owns 24.22% of share capital of the Corporation (Note 18(b)).

(a) Related party transactions

During the period, the following significant transactions were carried out with related parties:

	For the 6-month period ended	
	30.6.2017	30.6.2016
	VND	VND
i) Sales of goods and rendering of services		
Subsidiaries	16,200,565,742	16,230,698,837
Fellow PVN group subsidiaries	61,786,080,910	2,961,855,961
	<u>77,986,646,652</u>	<u>19,192,554,798</u>
ii) Purchases of goods and services		
PVN	8,000,324,000	8,478,783,902
Subsidiaries	9,821,697,513	3,233,462,985
Fellow PVN group subsidiaries	506,063,165	251,374,498
	<u>18,328,084,678</u>	<u>11,963,621,385</u>
iii) Compensation of key management		
Gross salaries and other benefits	<u>2,329,934,432</u>	<u>2,264,809,250</u>
iv) Management fees		
Fee charged by PVN (Note 26)	2,641,029,483	2,621,425,494
Fee charged to subsidiaries	<u>14,095,358,838</u>	<u>17,025,651,446</u>
v) Interest income from loans		
Subsidiaries	<u>2,839,449,370</u>	<u>6,283,160,147</u>
vi) Dividend income (Note 24)		
Subsidiaries	<u>2,203,040,000</u>	<u>4,877,667,243</u>
vii) Dividend payable		
PSD	-	1,220,646,600
PVN	-	12,584,310,600
	<u>-</u>	<u>13,804,957,200</u>

30 RELATED PARTY DISCLOSURES (continued)

(b) Period-end/year-end balances with related parties

	30.6.2017 VND	31.12.2016 VND
<i>i) Short-term trade accounts receivable (Note 5)</i>		
Fellow PVN group subsidiaries	33,064,030,915	32,485,013,639
<i>ii) Short-term trade accounts payable (Note 13)</i>		
PVN	272,504,877,231	275,799,872,400
Fellow PVN group subsidiary	873,476,253	873,476,253
	273,378,353,484	276,673,348,653
<i>iii) Other short-term receivables (Note 7)</i>		
Subsidiaries	361,067,791,004	240,147,687,359
<i>iv) Other short-term payables (Note 16(a))</i>		
PVN	4,438,314,165	4,685,961,165
Subsidiaries	178,666,875,137	108,353,471,557
	183,105,189,302	113,039,432,722
<i>v) Short-term unearned revenue (Note 15(a))</i>		
Fellow PVN group subsidiary	27,272,727,273	27,272,727,273
<i>vi) Long-term unearned revenue (Note 15(b))</i>		
Fellow PVN group subsidiary	88,636,363,643	102,272,727,275

31 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

(a) Cash held by the Corporation but not used

Term deposits of the Corporation amounting to VND12 billion at commercial banks were pledged as a collateral asset for guarantee agreements as disclosed in Note 3.

(b) Amount of loan actually withdrawn during the period

	For the 6-month period ended 30.6.2017 VND	For the 6-month period ended 30.6.2016 VND
Proceeds from borrowings following normal borrowing contracts	54,260,953,406	211,856,802,836

(c) Amount of loan principal actually paid during the period

	For the 6-month period ended 30.6.2017 VND	For the 6-month period ended 30.6.2016 VND
Repayments for borrowings following normal borrowing contracts	9,344,557,027	-

32 COMMITMENTS

(a) Commitments under operating leases

The Corporation signed the operating land lease with Management Board of Nghi Son Economic Zone. The future minimum lease payments under operating leases are as follows:

	30.6.2017 VND	31.12.2016 VND
Over five years	54,191,290,810	54,191,290,810

32 COMMITMENTS (continued)**(b) Capital contribution commitments**

As at 30 June 2017, the status of charter capital commitments is as follows:

	As per Business Registration Certificate VND	Corporation's ownership (%)	Capital contributed as at 30.6.2017 VND	Capital to be contributed as at 30.6.2017 VND
PSSSG	229,500,000,000	51	10,400,000,000	219,100,000,000
ASSA	24,000,000,000	60	18,500,000,000	5,500,000,000
ITS (*)	20,000,000,000	40	-	20,000,000,000

(*) According to Resolution No. 16/NQ-DVTHDK dated 29 March 2016, the Corporation's Board of Management decided to invest in ITS with the capital contribution accounting for 40% of its charter capital, equivalent to VND20 billion. As at 30 June 2017, shareholders of ITS have not yet contributed the capital.

(c) Commitments of credit guarantees

As at 30 June 2017, the Corporation had non-cancellable guarantee commitments for loans at commercial banks (referred to as "lenders") granted to the Corporation's subsidiaries with the total credit limit amounting to VND4,085 billion. Accordingly, the Corporation is responsible for repayments of principals, interests, guarantee costs and other underwriting expenses to lenders in case the guaranteed parties do not repay or repay not in a timely manner.

(d) Other commitments

As at 30 June 2017, the Corporation had a guarantee contract amounting to VND150 billion with a commercial bank to guarantee the repayment with regard to the advance payment received from Nghi Son Refinery and Petrochemical Company Limited (Note 15) by netting-off the amount with monthly revenue from the Nghi Son Project.


33 SUBSEQUENT EVENT AFTER THE DATE OF INTERIM SEPARATE FINANCIAL STATEMENTS

On 6 July 2017, the Corporation issued an announcement to pay the final dividend of 2016 at the ratio of 10% of share capital, amounting to VND86,600,124,000 and the date before ex-dividend date is on 19 July 2017 (Note 19). On 8 August 2017, the dividend was paid.

The interim separate financial statements were approved by the Chairman on 14 August 2017.


Ha Van Phuong
Preparer


Nguyen Thi Thanh
Chief Accountant


Phung Tuan Ha
Chairman

